

Education Cabinet

Kentucky's jobless rate drops to 8.6 percent in March 2012

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Editor's Note: Preliminary March and revised February labor market information are included in this release.

FRANKFORT, KY - Kentucky's seasonally adjusted preliminary unemployment rate fell to 8.6 percent in March 2012 from a revised 8.7 percent in February 2012, making this the third consecutive month with an unemployment rate below 9 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary March 2012 jobless rate was 1.1 percentage points below the 9.7 percent rate recorded for the state in March 2011.

The U.S. seasonally adjusted jobless rate fell to 8.2 percent in March 2012 from 8.3 percent in February 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In March 2012, Kentucky's civilian labor force was 2,065,493, a decrease of 633 individuals compared to the previous month.

"All signs are pointing to the likelihood that the recovery is here to stay," said economist Manoj Shanker of the OET. "With eight months of declining unemployment rate and steady growth in employment, job prospects in Kentucky are definitely improving."

Kentucky's seasonally adjusted nonfarm employment increased by 3,200 jobs in March 2012 from the month before, and by 34,200 positions since March 2011. Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, six of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while four declined, and one, mining, remained unchanged from the previous month.

The trade, transportation and utilities sector gained 1,900 jobs in March 2012. This is the largest sector in Kentucky with 369,000 positions, and posted the highest month-to-month gain among the 11 sectors. Since March 2011, jobs in this sector have increased by 4,300.

Kentucky's leisure and hospitality sector gained 1,800 jobs in March 2012 from a month ago. Since March 2011, the sector has grown by 7,600 positions. Jobs have grown steadily over the last six months in this sector and include arts, entertainment, recreation, accommodation and food services.

"Most of the new jobs created in March were in retail trade and food services," said Shanker. "As employment picks up across the economy, and there is an uptick in consumer confidence, people are more willing to spend money in both shops and restaurants resulting in added hiring."

The financial activities sector gained 900 jobs from a month ago. However, when compared to March a year ago businesses involved in finance, insurance, real estate and property leasing lost 1,200 jobs. "During the next few months, productivity gains in the form of online financial planning and online insurance quotes is expected to further erode the employment base for the finance industry," said Shanker.

Employment in the educational and health services sector rose by 600 jobs in March 2012. The sector has posted an impressive gain of 6,500 jobs since March 2011. Health care jobs account for nearly 90 percent of employment in this sector, and these jobs have grown steadily over the last 12 months.

Kentucky's professional and business services added 500 positions in March 2012. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last March, jobs in the sector have increased by 18,200 or about 10 percent.

"Until recently most of the growth was in temporary services. Now, with the economy on track for a full recovery, there has been a surge in professional services jobs like legal services, accounting and engineering," said Shanker.

The information sector added 300 jobs in March 2012. This segment has lost 400 positions since March 2011. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications. "All these industries are restructuring as they adapt to changes in how consumers view information. 'Restructuring' in some of these instances is shorthand for job cuts," said Shanker.

Employment in the mining and logging sector was flat from February 2012 to March 2012. The number of jobs in this sector has dropped by 600 from March 2011.

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, declined by 400 positions in March 2012. This sector had no job growth from a year ago.

The government sector, which includes public education, public administration agencies and state-owned hospitals, lost 500 jobs in March 2012. The sector had 3,900 fewer jobs compared to March 2011.

The construction sector posted a seasonally adjusted decline of 600 in March 2012 from a month ago. Since March 2011 employment in construction has increased by 1,200 positions.

Kentucky's manufacturing sector lost 1,300 jobs in March 2012 compared to the previous month. Since March 2011, employment in manufacturing has increased by 2,500 jobs.

"Manufacturing, especially in the area of durable goods, faces stiff global competition," said Shanker. "To remain viable, the industry is contracting out certain key functions, like payroll and legal services, to the service sector. This phenomenon of moving away from vertical integration, where all jobs related to a single establishment are under one umbrella, has resulted in a decline in manufacturing employment. The jobs are still there. They are merely being performed in another sector of the economy."

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.